

SENATE RECORD VOTE ANALYSIS

105th Congress
1st Session

Vote No. 155

June 27, 1997, 2:39 pm
Page S-6690 Temp. Record

TAXPAYER RELIEF ACT/Ethanol Fuel Tax Credits

SUBJECT: Taxpayer Relief Act of 1997 . . . S. 949. McCain amendment No. 548.

ACTION: AMENDMENT REJECTED, 30-69

SYNOPSIS: As reported, S. 949, the Taxpayer Relief Act of 1997, will provide net tax relief of \$76.8 billion over 5 years and \$238 billion over 10 years. The cost will be more than offset by the economic dividend (\$355 billion over 10 years) that will result from balancing the budget in fiscal year (FY) 2002. This bill will enact the largest tax cut since 1981 and the first tax cut since 1986. It will give cradle-to-grave tax relief to Americans: it will give a \$500-per-child tax credit, education tax relief, savings and investment tax relief, retirement tax relief, and estate tax relief. Over the first 5 years, approximately three-fourths of the benefits will go to Americans earning \$75,000 or less. It will eliminate a third of the increased tax burden imposed by the 1993 Clinton tax hike, which was the largest tax hike in history.

The McCain amendment would strike the 7-year extension (through December 31, 2007) of the 54-cents-per-gallon ethanol fuel tax credit. The bill will provide that extension at a slightly declining rate, which will end at 51 cents per gallon in 2007. The amendment would also strike the extension of the option to take the credit by lowering the excise tax on gasoline to which the ethanol is added. The estimated cost of extending the credit for ethanol for 7 years is \$3.8 billion.

The amendment was offered after all debate time had expired. However, by unanimous consent, some debate was permitted.

Those favoring the amendment contended:

Independent assessments by the Department of Agriculture, the General Accounting Office, and the Congressional Budget Office have all concluded that ethanol subsidies have been a costly boondoggle with almost no public benefit. The economics of ethanol are such that, for the industry to survive at all, massive trade protection, tax loopholes, contrived mandates for use, and production subsidies are vitally necessary. Only by spooking the public with bogeymen such as foreign oil sheiks, toxic air pollution, and the

(See other side)

YEAS (30)		NAYS (69)				NOT VOTING (1)	
Republicans (20 or 36%)	Democrats (10 or 23%)	Republicans (35 or 64%)		Democrats (34 or 77%)		Republicans (0)	Democrats (1)
Coats	Byrd	Abraham	Grassley	Akaka	Graham		Hollings- ²
Collins	Feingold	Allard	Hagel	Baucus	Harkin		
Coverdell	Kennedy	Ashcroft	Hatch	Biden	Inouye		
Frist	Lautenberg	Bennett	Helms	Bingaman	Johnson		
Gorton	Leahy	Bond	Hutchinson	Boxer	Kerrey		
Gregg	Lieberman	Brownback	Jeffords	Breaux	Kerry		
Hutchison	Murray	Burns	Kempthorne	Bryan	Kohl		
Inhofe	Robb	Campbell	Lott	Bumpers	Landrieu		
Kyl	Rockefeller	Chafee	Lugar	Cleland	Levin		
McCain	Wyden	Cochran	Mack	Conrad	Mikulski		
Nickles		Craig	McConnell	Daschle	Moseley-Braun		
Santorum		D'Amato	Murkowski	Dodd	Moynihan		
Sessions		DeWine	Roberts	Dorgan	Reed		
Shelby		Domenici	Roth	Durbin	Reid		
Smith, Bob		Enzi	Smith, Gordon	Feinstein	Sarbanes		
Snowe		Faircloth	Thomas	Ford	Torricelli		
Specter		Gramm	Thurmond	Glenn	Wellstone		
Stevens		Grams					
Thompson							
Warner							

EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

threatened disappearance of the American farmer can attention be deflected from the real costs of ethanol subsidies. Ethanol subsidies first began in the 1970s when ethanol was touted as the fuel that would end America's dependence on foreign oil. However, even when gasoline prices were at their highest and lines at the pump were at their longest ethanol use never took off. In the early 1980s, when oil prices had declined, ethanol subsidies were promoted as a crutch to prop up America's struggling corn farmers. Those farmers certainly benefitted, but beef and dairy farmers then had to pay a higher price for feed corn, resulting in higher prices for consumers for meat and milk. By the late 1980s, the new excuse for the subsidy was to protect the environment. This excuse is still being used, even though the Department of Energy has concluded that it takes more energy to produce a gallon of ethanol than a gallon of ethanol contains, and even though the Congressional Research Service and other research organizations have found that the environmental benefits of ethanol use for smog reduction (for which it is used in ozone-nonattainment areas) have not been proven. In the House version of this bill, ethanol subsidies are completely phased out. We agree with our House colleagues. This subsidy is not justified. We urge our colleagues to vote in favor of the McCain amendment.

Those opposing the amendment contended:

The McCain amendment would increase the gasoline tax. The ethanol credit reduces the Federal gasoline tax; eliminating the credit would therefore increase the Federal gasoline tax. The McCain amendment would have several other harmful effects as well. First, it would unquestionably result in less ethanol use, which would hurt the ethanol production industry. That industry, which is located in rural areas, employs 55,000 people in high-wage jobs. Second, it would reduce competition in the fuel industry, thereby driving up fuel costs. Ethanol extends gasoline supplies, provides a valuable source of octane for independent gasoline marketers, and assures competition in the oxygenated fuel market. As noted by the Independent Gasoline Marketers of America, "The Federal benefits afforded ethanol-blended fuels have been an important, pro-competitive influence on the Nation's gasoline markets. By enhancing the ability of independent marketers to price-compete with their integrated oil company competitors, this program has increased independent marketers' economic viability and reduced consumers' costs of gasoline." Third, it would harm the environment. Ethanol is a clean-burning fuel that reduces ozone emissions and the use of toxic additives such as benzene, toluene, and xylene. Fourth, it would harm national security by increasing reliance on oil from unstable foreign regimes. Fifth, it would harm the balance of trade by \$2.1 billion annually by increasing reliance on foreign-derived fuel additives and by cutting exports of ethanol-production byproducts. We see no rational reason for voting to cause all this damage by eliminating the ethanol tax credit. We therefore urge the rejection of the McCain amendment.